

Date: 21st October 2021

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street, Fort
Mumbai-400001

Sub: Submission of unaudited quarterly and year to date financial results of the Company for the 2nd quarter ended 30th September 2021 under Regulations 51(2) & 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Ref: Scrip Code: 953131

Dear Sir/ Madam

Pursuant to Regulations 51(2) and 52 read with Part B of Schedule III of the Listing Regulations, we wish to inform that the Board of Directors of the Company at their meeting held on 21st October 2021, inter-alia, considered and approved the unaudited quarterly and year to date financial results of the Company for the 2nd quarter ended 30th September 2021.

In this regard, we are enclosing the copy of the financial results along with the Limited Review Report for the quarter and half year, ended 30th September, 2021 with unmodified opinion, as required under Regulations 51(2) & 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you

Yours faithfully,

For Five-Star Business Finance Limited



Shalini B
Company Secretary



Five-Star Business Finance Limited

Registered Office : New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai - 600 010.
Phone : 044 - 4610 6200, e-mail : info@fivestargroup.in, Website : www.fivestargroup.in
CIN : U65991TN1984PLC010844

B S R & Co. LLP

Chartered Accountants

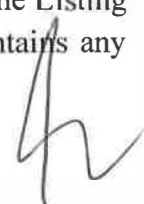
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Limited review report

To Board of Directors of Five-Star Business Finance Limited

1. We have reviewed the accompanying Statement of unaudited financial results of Five-Star Business Finance Limited (“the Company”) for the quarter and half year ended 30 September 2021 (“the Statement”).
2. This Statement, which is the responsibility of the Company’s management and has been approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (“Ind AS”) 34 “Interim Financial Reporting”, prescribed under Section 133 of the Companies Act, 2013 (“Act”), and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Securities and Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable Indian accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 52 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.



Principal Office:

Limited review report

Five-Star Business Finance Limited

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Emphasis of Matter

5. As described in Note 6 to the Statement, the extent to which the COVID – 19 pandemic will impact the Company's financial performance including the Company's estimates of impairment of loans, are dependent on future developments, the severity and duration of the pandemic, which are highly uncertain.

Our conclusion is not modified in respect of this matter.

for B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022



K Raghuram

Partner

Membership No: 211171

UDIN: 21211171AAAACC1413

Place : Chennai

Date : 21 October 2021

Five-Star Business Finance Limited

Regd. Office: New No. 27, Old No.4, Taylors Road, Kilpauk, Chennai - 600 010

CIN: U65991TN1984PLC010844

Statement of unaudited financial results for the quarter and half year ended 30 September 2021

(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

Particulars	Quarter ended 30 September 2021	Quarter ended 30 June 2021	Half year ended 30 September 2021	Half year ended 30 September 2020	Year ended 31 March 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue from operations					
Interest income	29,426.63	29,210.02	58,636.65	49,711.81	1,01,487.58
Fee income	682.43	428.13	1,110.56	505.68	2,167.61
Net gain on fair value changes	714.20	607.87	1,322.07	212.04	1,319.03
Total revenue from operations	30,823.26	30,246.02	61,069.28	50,429.53	1,04,974.22
Other income	30.10	24.49	54.59	18.37	151.25
Total Income	30,853.36	30,270.51	61,123.87	50,447.90	1,05,125.47
Expenses					
Finance costs	7,808.69	8,614.90	16,423.59	15,902.58	32,519.12
Fees expenses	69.54	26.48	96.02	54.42	266.83
Impairment on financial instruments	350.40	1,842.99	2,193.39	533.87	3,517.57
Employee benefits expenses	5,862.20	5,154.86	11,017.06	7,197.56	16,371.78
Depreciation and amortization	275.79	260.82	536.61	544.65	1,138.39
Other expenses	1,028.77	987.63	2,016.40	1,141.07	3,667.70
Total Expenses	15,395.39	16,887.68	32,283.07	25,374.15	57,481.39
Profit before tax	15,457.97	13,382.83	28,840.80	25,073.75	47,644.08
Tax expenses					
Current tax	3,738.69	3,848.80	7,587.49	6,177.18	12,594.12
Deferred tax (net)	(64.60)	(436.81)	(501.41)	(16.71)	(849.48)
Tax expenses	3,674.09	3,411.99	7,086.08	6,160.47	11,744.64
Profit after tax for the period / year	11,783.88	9,970.84	21,754.72	18,913.28	35,899.44
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Re-measurements of the defined benefit obligation	(138.33)	(57.87)	(196.20)	(37.56)	(105.27)
Income tax relating to items that will not be reclassified to profit or loss	34.82	14.56	49.38	9.45	26.49
Other comprehensive income / (deficit) for the period / year	(103.51)	(43.31)	(146.82)	(28.11)	(78.78)
Total comprehensive income for the period / year, net of income tax	11,680.37	9,927.53	21,607.90	18,885.17	35,820.66
Earnings per equity share*					
a. Basic (in rupees)	4.22	3.73	7.96	7.39	14.01
b. Diluted (in rupees)	4.16	3.56	7.85	7.22	13.61
Face value per share	1.00	1.00	1.00	1.00	1.00

* Refer Note 10

See accompanying notes to the unaudited financial results



Statement of unaudited assets and liabilities as at 30 September 2021
 (All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

Particulars	As at	As at
	30 September 2021	31 March 2021
	Unaudited	Audited
ASSETS		
Financial assets		
Cash and cash equivalents	84,975.48	1,26,718.28
Bank balances other than cash and cash equivalents	46,593.96	8,853.99
Loans	4,64,436.65	4,35,874.94
Investments	32,367.92	-
Other financial assets	486.18	474.34
	6,28,860.19	5,71,921.55
Non-financial assets		
Current tax assets (net)	1,328.87	795.79
Deferred tax assets (net)	4,249.73	3,698.94
Investment property	3.56	3.56
Property, plant and equipment	833.39	845.60
Right of use asset	1,655.94	1,452.63
Other intangible assets	154.48	190.30
Other non-financial assets	371.15	452.77
	8,597.12	7,439.59
Total assets	6,37,457.31	5,79,361.14
LIABILITIES AND EQUITY		
LIABILITIES		
Financial liabilities		
Payables		
Trade payables		
total outstanding dues of micro and small enterprises	-	-
total outstanding dues of creditors other than micro and small enterprises	818.41	867.17
Debt securities	1,21,459.26	1,30,378.55
Borrowings (Other than debt securities)	1,63,966.08	2,12,141.12
Other financial liabilities	1,923.21	1,717.01
	2,88,166.96	3,45,103.85
Non-financial liabilities		
Provisions	932.86	719.80
Other non-financial liabilities	3,026.37	1,720.27
	3,959.23	2,440.07
EQUITY		
Equity share capital	2,901.35	2,564.49
Other equity	3,42,429.77	2,29,252.73
	3,45,331.12	2,31,817.22
Total liabilities and equity	6,37,457.31	5,79,361.14

See accompanying notes to the unaudited financial results



Five-Star Business Finance Limited
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Statement of unaudited cash flows for the half year ended 30 September 2021
 (All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

Particulars	Half year ended	Year ended
	30 September 2021	31 March 2021
	Unaudited	Audited
A. Cash Flow from Operating Activities		
Profit before tax	28,840.80	47,644.08
Adjustments for:		
Depreciation and amortization	536.61	1,138.39
Provision for impairment on financial instruments and write-offs	2,193.39	3,517.57
Loss on sale/retirement of property, plant and equipment (net)	0.33	2.32
Profit on redemption of mutual funds	(1,322.07)	(1,319.03)
Interest income on deposits with banks / others	(1,476.20)	(1,937.47)
Interest income on government securities	(59.53)	-
Interest on term loans	(57,100.92)	(99,550.11)
Finance costs	16,423.59	32,519.12
Gain recognised on derecognition of leases	(6.65)	(42.32)
Employee stock option expenses	2,062.05	1,509.39
Operating cash flow before working capital changes	(9,908.60)	(16,518.06)
Changes in Working Capital:		
<i>Adjustments for (Increase) / Decrease in Operating Assets:</i>		
Term loans	(18,564.02)	(55,972.13)
Other non-financial assets	76.40	95.85
Other financial assets	(11.84)	50.22
<i>Adjustments for Increase / (Decrease) in Operating Liabilities:</i>		
Trade payables	(48.76)	204.76
Provisions	16.86	36.92
Other financial liabilities	(31.71)	174.88
Other non-financial liabilities	1,306.10	115.14
Net cash (used in) operations	(27,165.57)	(71,812.42)
Finance cost paid	(14,999.30)	(30,095.27)
Interest income received	54,950.74	99,210.18
Direct taxes paid (net)	(8,120.77)	(13,029.26)
Net Cash from / (used in) Operating Activities (A)	4,665.10	(15,726.77)
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(178.84)	(324.36)
Proceeds from sale of fixed assets	0.27	0.98
Investment in inter-corporate deposits	(10,000.00)	-
Profit on redemption of mutual funds	1,312.78	1,319.03
Investment in mutual funds (net)	(4,334.91)	-
Investment in government securities	(27,964.20)	-
Interest income on deposits with banks / others	834.78	1,778.77
Movement in bank balances other than cash and cash equivalents	(37,139.42)	7,439.65
Net Cash (used in) / from Investing Activities (B)	(77,469.54)	10,214.07
C. Cash Flow from Financing Activities		
Proceeds from issue of equity shares	336.86	6.28
Proceeds from securities premium (net off utilisation)	89,507.24	22.83
Fresh borrowings during the period	-	2,36,179.00
Repayments of borrowings (including processing fee)	(58,518.61)	(1,32,452.49)
Payment towards leases (excluding interest)	(263.85)	(502.59)
Net Cash from Financing Activities (C)	31,061.64	1,03,253.03
Net (decrease) / increase in Cash and Cash Equivalents [(A) + (B) + (C)]	(41,742.80)	97,740.33
Cash and Cash Equivalents at the beginning of the period	1,26,718.28	28,977.95
Cash and Cash Equivalents at the end of the period	84,975.48	1,26,718.28
Components of cash and cash equivalents		
	As at	As at
	30 September 2021	31 March 2021
Cash and cash equivalents		
Cash on hand	578.97	425.85
Balances with banks		
(i) In current accounts	5,205.51	31,454.90
(ii) In other deposit accounts (original maturity less than 3 months)	79,191.00	94,837.53
	84,975.48	1,26,718.28



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Notes:

- 1 Five-Star Business Finance Limited ("the Company") is a Systematically Important Non-Deposit taking Non-Banking Finance Company (NBFC-ND-SI) registered with the Reserve Bank of India ("the RBI").
- 2 The unaudited financial results for the quarter and six months period ended 30 September 2021 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their respective meetings held on 20 October 2021 and 21 October 2021 respectively. The above results for the quarter and six months period ended 30 September 2021 have been subjected to limited review by the statutory auditors of the Company. The auditors have issued an unmodified review opinion.
- 3 These unaudited financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard ('Ind AS'), 34 - "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations 2015. The financial results have been drawn upon the basis of Ind AS, that are applicable to the Company as at 30 September 2021. Any application guidance / clarifications / directions issued by the RBI or other regulators are implemented as and when they are issued / applicable.
- 4 There is no separate reportable segment in accordance with Ind AS 108 on "Operating Segments" in respect of the Company.
- 5 Reserves include Statutory Reserves as per Section 45IC of Reserve Bank of India Act 1934, as per Section 29C of the National Housing Bank Act, 1987, balance in Securities Premium, Employee Stock Option Plan Reserve, General Reserve, Retained Earnings and Other Comprehensive Income.
- 6 The outbreak of COVID-19 pandemic and consequent regional lockdowns has severely impacted various activities across the country. The extent of impact of COVID-19 on the economy would also be dependent upon on future developments including measures taken by the Government, Regulator, responses of businesses and consumers to the pandemic. Therefore, the impact on the Company's business, cash flows and financial results, is dependent on such future developments, which are highly uncertain.

In accordance with the Reserve bank of India (RBI) guidelines related to "Covid-19 Regulatory Package" dated 27 March 2020 and subsequent guidelines on equated monthly installments ("EMI") moratorium dated 17 April 2020 and 23 May 2020, the Company had offered moratorium to its customers based on the eligibility for EMIs falling due between 1 April 2020 to 31 August 2020.

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020, 17 April 2020, 23 May 2020 and 6 August 2020 relating to 'COVID-19 - Regulatory Package' and guidelines issued thereto, the Company had granted moratorium up-to five months on the payment of instalments falling due between 1 April 2020 and 31 August 2020 to all eligible borrowers on a suo-moto basis based on the Company's policy approved by its Board.

During the current period, the RBI issued guidelines with regard to "Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses" dated 5 May 2021. In accordance with this guidelines dated 5 May 2021 and Board approved policy, the Company offered restructuring plan to eligible customers i.e., moratorium period upto six months.

Based on an assessment by the Company, the above COVID-19 - Regulatory Package and Resolution Framework - 2.0 has not been deemed to be automatically triggering significant increase in credit risk and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria. Accordingly, in respect of accounts where moratorium benefit has been granted, the staging of those accounts as at 30 September 2021 is based on the days past due status considering the benefit of moratorium period in accordance with the Reserve Bank of India Covid-19 Regulatory Package and Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses. The Company has stressed the exposure at default and probability of default on these assets and has recognized an expected credit loss on such term loans.

Estimates and associated judgments / assumptions applied in preparation of these financial results including determining the impairment loss allowance and expected future cash inflows / outflows are based on a combination of historical experience and emerging / forward looking indicators resulting from the pandemic. In addition to these early indicators, the Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic in the measurement of impairment loss allowance for the period ended 30 September 2021. In addition to the indicators available, the Company has also used potential stress on probability of default and exposure at default on the expected credit losses on loans and accordingly recognized an expected credit loss on loans of INR 9,533 lakhs as at 30 September 2021 (As at 31 March 2021 - INR 8,663 lakhs) including an additional impairment provision amounting to INR 2,193 lakhs (including write offs of INR 1,321 lakhs) during the current half-year (Half year ended 30 September 2020 - INR 534 lakhs (including write offs of INR 224 lakhs)). The Company believes that it has considered all the possible impact of the currently known events arising out of the COVID-19 pandemic in the preparation of financial results. However, the impact assessment of COVID-19 is a continuing process given its uncertainty in nature and duration, this may have a corresponding impact on the financial position. The Company will continue to monitor any material changes to the future economic conditions.



Notes (continued):

7 Disclosure as per format prescribed under RBI circular RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 5 May 2021 ("RBI Resolution Framework – 2.0") for the period ended 30 September 2021

Particulars	Individual Borrowers		Small Businesses**
	Personal Loans**	Business Loans**	
i) Number of requests received for invoking resolution process under Part A of the Resolution Framework – 2.0	943	1,757	-
ii) Number of accounts where resolution plan has been implemented under this window	943	1,757	-
iii) Exposure to accounts mentioned at (ii) before implementation of the plan	2,829.89	5,475.34	-
iv) Of (iii), aggregate amount of debt that was converted into other securities	-	-	-
v) Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-	-
vi) Increase in provisions on account of the implementation of the resolution plan*	*	*	-

* The Company has recorded provision for impairment loss allowance including potential stress on probability of default and exposure at default as per expected credit loss model for the period ended 30 September 2021.

** Classification of borrowers is based on the data available with the Company and has been relied upon by the auditors. Above loans are secured wholly by mortgage of property.

Disclosure as per format prescribed under notification RBI/2020-21/16 DOR No BP BC/3/21.04 048/2020-21 dated 6 August 2020 for the period ended 30 September 2021 (borrowers who has been provided restructuring under RBI Resolution Framework – 2.0):

Type of borrower**	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	2,829.89	-	-	298.61	2,853.97
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	5,475.34	-	-	583.06	5,528.97
Total	8,305.23	-	-	881.67	8,382.94

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016.

** Classification of borrowers is based on the data available with the Company and has been relied upon by the auditors. Above loans are secured wholly by mortgage of property.

8 In terms of the requirement as per RBI notifications no. RBI/2019-20/170 DOR (NBFC).CC. PD No. 109/22.10.106/2019-20 dated 13 March 2020 on implementation of Indian Accounting Standards, Non Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income recognition, Asset Classification and Provisioning (IRACP) Norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the company exceeds the total provision required under IRACP (including Standard asset provisioning), as at 30 September 2021 and accordingly, no amount is required to be transferred to impairment reserve.

9 All debentures are secured by pari pasu charge on immovable property and exclusive first charge on book debts with security cover ranging from 1 to 1.25 times of outstanding amount at any point in time.

10 The Board of Directors at their meeting held on 8 September 2021 approved the sub-division of each equity share of face value of INR 10 each fully paid up into 10 equity shares of face value of INR 1 each fully paid up. The same was approved by the members at the Extra-Ordinary General Meeting held on 8 October 2021. In compliance with IND AS - 33, Earnings Per Share, the disclosure of basic and diluted earnings per share for all the periods presented has been arrived at after giving effect to the above sub-division.



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Notes (continued):

11 Analytical ratios / disclosures required under Regulation 52 / 54 of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015

Particulars	As at	As at
	30 September 2021	31 March 2021
Debt-equity ratio*	0.83	1.48
Total debts to total assets**	0.45	0.59
Net worth***	3,45,331.12	2,31,817.22
Gross Non-Performing Assets (GNPA) Ratio^	1.44	1.02
Net Non-Performing Assets (NNPA) Ratio ^^	1.19	0.85
Liquidity coverage ratio (LCR)^^^	187%	162%
Asset cover over listed non-convertible debentures###	1.16	1.16

Particulars	Quarter ended	Quarter ended	Half year ended	Half year ended
	30 September 2021	30 June 2021	30 September 2021	30 September 2020
Net profit margin (%)^^^^	38%	33%	35%	37%

*Debt-equity ratio is (Debt Securities+Borrowings (Other than debt securities)) / net worth i.e. Equity share capital + Other equity

**Total debts to total assets is Debt Securities and Borrowings (other than debt securities) / Total Assets

***Net Worth is equal to Equity share capital + Other equity

^GNPA Ratio is Gross Stage 3 term loans / Gross term loans

^^NNPA Ratio is (Gross Stage 3 term loans - Impairment Loss allowance for Stage 3 term loans)/(Gross term loans- Impairment allowance for Stage 3 term loans)

^^^ LCR = Stock of High-Quality Liquid Assets (HQLAs)/Total Net Cash Outflows over the next 30 calendar days

Asset cover over listed non-convertible debentures represents the number of times the listed non-convertible debentures is covered through the term loans provided as security.

^^^^ Net profit margin is Total comprehensive income for the period, net of income tax / Total Income

Other ratios / disclosures such as debt service coverage ratio, interest service coverage ratio, outstanding redeemable preference shares (quantity and value), capital redemption reserve/debenture redemption reserve, current ratio, long term debt to working capital, bad debts to account receivable ratio, current liability ratio, debtors turnover, inventory turnover and operating margin (%) are not applicable / relevant to the Company and hence not disclosed.

12 Previous period's figures have been regrouped / reclassified wherever necessary, to conform with the current period presentation.

For and on behalf of the Board of Directors

Place: Chennai
Date: 21 October 2021



D Lakshmiopathy
Chairman and Managing Director